

NEW SOUTH WALES.

BUSINESS STATISTICS - 16th DECEMBER, 1940.

Economic control is being intensified and more import restrictions have been imposed. Heavier taxation under the 1940-41 budget, and threatened political instability caused some business hesitation but generally financial and commercial conditions are sound and confidence remains high. Private building tended to slacken. Results of railways and road transport services and record consumption of gas and electricity reflect great industrial activity.

The shipping shortage affects export prospects. Imports have moderated somewhat. Bountiful rains have greatly improved the rural outlook over much of the State.

C O N T E N T S.PART  
I.

Season: Drought broken over large part of N.S.W. Rice, fruit, potato and sugar prospects.

Export Prices and External Conditions: Prices steady. Conditions in U.K. and U.S.A. Aid to Greece and China. British War Damage Bill. Question of U.S. financial aid to Britain.

Currency Relationships: Free sterling firm in New York.

Wool: Progress of appraisements. Wool received in Sydney. Wool trade in U.S.A. and U.K.

Wheat: World prices little changed. Large Argentine Crop. Australian new crop wheat. Local price fixations. Values generally firm.

Butter: Intra-State Quota - Dec., 1940. Production of butter in N.S.W. factories - October and Jan.-Oct., 1940. Pay for cream supplied - November, 1940.

Metals: Tin prices firm. Heavy absorption of tin. Silver slightly cheaper.

II. Bank Clearings - Sydney. November and Jan.-Nov., 1940.

Real Estate, N.S.W. Sales and Mortgages - Nov. and Jan.-Nov., 1940.

Stock Exchange - Sydney: November, 1940. Non-Sterling assets.

Interest Rates. Mortgages: September-November, 1940. Bonds: November - December, 1940. £28 m. War Loan.

Overseas Trade, Australia: November and July-Nov., 1940.

III. Buildings Commenced - Metrop. Water Bd. Area: Value and Number of Houses - Nov. and Jan.-Nov., 1940.

Gas & Electricity: Index of Consumption (Sydney) Nov. 1940.

Railways, N.S.W.: Passengers, Freight and Finance - October and July - Oct., 1940.

Trams and Buses: Passengers and Finance - Oct. and July-Oct., 1940.

BUSINESS STATISTICS - 16th DECEMBER, 1940.

PART I PRIMARY AND EXPORT INDUSTRIES.

SEASON. After another relatively dry month in November, rain averaging from one to five inches fell in the first week in December over the north-eastern half of the State, with useful falls elsewhere, except in the Western Division and the Riverina. Further beneficial rain has since fallen but much pastoral country is in poor condition and further substantial falls are needed to make rain already received of lasting benefit.

Germination and early growth of rice on the M.I.A. has been mostly satisfactory. Orchards in main fruit districts have benefited by the recent rains. Only light yields are expected from coastal potato crops. The cut of cane sugar on the Tweed will be about average.

EXPORT PRICES AND  
EXTERNAL TRADE  
CONDITIONS.

Export prices and prospects are substantially unchanged. The index number of export prices (Commonwealth Bank) stands at 82 per cent. of the 1927 average compared with 66 in 1938-39 and 82 in 1937-38. The shipping position remains difficult.

Britain is buying serviceable vessels and has placed orders for 60 new cargo boats in the United States.

It is officially admitted that war production in Britain has been materially affected by bombing. War goods are flowing to Britain from U.S.A. which sent nearly £A.10 m. worth in October and about £A.77 m. in the ten months ended Oct., 1940. The question of American financial aid to Britain has been well canvassed; Mr. Morgenthau says he would approve only if Congress authorises a loan. The Chairman of the Military Affairs Committee is expected to table a bill for repeal of the Johnson Act when the House of Representatives meets in Jan., 1941.

The U.S.A. has promised material aid to Greece and has made a loan to China of \$50 m. (£A15.62 m.) through the Export-Import Bank, and as well, has made subject to license the export of iron and steel. Britain has arranged to lend China £stg.10 m. - half for currency stabilisation and half for credits against purchases within the Empire.

Britain's war spending is now about £stg.13 m. a day. Bank deposits in Britain are at a record level and 20 per cent. higher than before the war. The new Treasury deposits continue to supply deficit finance. Wholesale prices are rising again. Lord Woolton said (15.12.40) that food supplies are abundant. There is increasing complaint of food profiteering. The British meat ration has been reduced to 1s.10d. worth (that ruling prior to Oct. when it was increased to 2s.2d. a head a week). The War Damage Bill, requiring compulsory contributory insurance of buildings, immovable property and moveable assets, and providing for voluntary insurance of chattels will have an important effect on British finances since buildings covered by the scheme alone have a value of from £6,000 m. to £8,000 m. and the contribution will be 2s. in £1, based on net valuation or rateable value of the property for five years.

Other economic developments include Anglo-Turkish and Anglo-Spanish financial agreements; British policy regarding French naval convoy of North African food supplies for France; the rising trend of American production; the strength of New York and London Stock Exchanges, reflecting British military success in the Egyptian campaign; evidence of growing defence strength of the Dutch East Indies, which country took war materials of a value of £A.8.45 m. in Jan.-Oct., 1940; and proposed creation of a representative body to continue the work of the Eastern Group Empire Countries Conference at Delhi.

CURRENCY RELATIONSHIPS. There has been no change in the quotation of sterling on the open market in New York during the past fortnight. The "free" and the official rates have been approximately the same since the British Treasury's steps to tighten control of foreign exchange of July 18 brought about that relationship in mid-August, 1940.

Regarding the future, it is clear that the stability of Anglo-American exchange might be affected should Britain's dollar resources become exhausted, and therefore, a favourable decision in the question of loans to Britain by the United States would be an important factor in assuring stable currency relationship and in establishing long term confidence in Anglo-American commercial transactions.

## PART I (Continued)

American and British loans to China are looked upon as another expression of Anglo-American financial and political collaboration.

The financial agreement with Turkey is complementary to the Anglo-Turkish trade agreement of Feb. 3, 1940. Payments between Turkey and the sterling area will be made at the existing rate of exchange. The United Kingdom Commerical Corporation Ltd. is expected to exploit openings for trade with Turkey with vigour.

The course of free sterling-dollar exchange rates in New York has been:-

<u>Aug.</u> , <u>1939.</u>	<u>Feb.</u> , <u>1940.</u>	<u>May.</u> , <u>1940.</u>	<u>July,</u> <u>1940.</u>	<u>Sept.,</u> <u>1940.</u>	<u>Nov.,</u> <u>1940.</u>	<u>Dec. 14,</u> <u>1940.</u>
Monthly Average \$ to £stg.						
4.61	3.96	3.28	3.81	4.04	4.04	4.04

WOOL. On Dec. 12, 1940 the Central Wool Committee stated that in Australia wool of an appraised value of £27,013,793 had been catalogued to date. The average appraised price of wool (per lb. greasy) dealt with in the various States so far this season was as follows:-

<u>N.S.W.</u>	<u>Vic.</u>	<u>Q'land.</u>	<u>S.Aust.</u>	<u>W.Aust.</u>	<u>Tas.</u>	<u>C'wealth.</u>
11.64d.	12.81d.	12.19d.	11.07d.	12.10d.	12.58d.	11.92d.

These averages, compared with those of a month earlier show a slightly higher quality for recent appraisements, the N.S.W. average having risen from 11.39d. and that for the Commonwealth, from 11.66d. a lb.

To December 12, 1940 appraisement of 816,331 bales had been made in Sydney. Appraisements will be resumed in Sydney on January 13, 1941 after suspension for the Christmas break on Dec. 18, 1940, and the main season will finish on March 12, 1941, by which date about 1,183,000 bales will have been dealt with. The quantity of wool received in Sydney to December 12, 1940 was 1,033,810 bales; a decrease of 63,080 bales or of 5.7 per cent. compared with the corresponding period of last season.

It was reported from Washington (U.S.A.) on Dec. 11 that details of a British-American wool agreement had been made public. Particulars are not yet available here but the agreement is believed to relate to the release of Australian wool for commercial purposes in the U.S.A. Trade in the United States is brisk - weekly consumption in October averaged 7.85 m. lb. compared with 5.50 m. lb. in Jan.-Sept. 1940. Unfilled orders on Dec. 1, 1940 were stated to be the greatest for four years. Wool prices in America are now the highest of the war period.

In Bradford Government orders provide most of the work, but there is also a steady demand from civilian trade. It is reported that sale of British textiles in U.S.A. is hampered by higher home prices (due to the purchases tax) as it is upon these prices that the heavy United States Customs duties are based.

WHEAT. The recent rainfall came too late to benefit Australian wheat crops and the forecast of about 85 m. bus. stands. The harvest in New South Wales may be about 28 m. bus. The first official estimate for Argentine wheat is 8 m. tons or almost 300 m. bus. This is a great deal (more than 60 m. bus.) more than was expected a month ago.

Wheat futures quotations in Chicago and Winnipeg show slight opposite movements, declining in Chicago (due to fine weather in the wheat belt) and rising in Winnipeg. Prices in London are steady.

Deliveries of new crop wheat to the Australian Wheat Board are proceeding. Except in the country, new crop wheat is in general not available to buyers. The Board states that very little of the heavy 1940 crop has deteriorated in storage. The quality of the new wheat is not as high as that of the preceding crop. The Board is accepting inferior wheat - down to 5*1/2* lb. a bushel chondrometer weight - subject to a dockage of 3d. a bus.

## PART I (Continued)

On Dec. 9 the Board reduced the price of new season's wheat, making it the same as that in No. 2 Pool, and announced an increase of 2d. a bus. in wheat for flour for export to Burma, Malaya, Asiatic territories to Hong Kong, the East Indies and Mauritius. Flour sales to the East have been brisk, but shipping difficulties are increasing. The Board's prices for wheat for flour for local consumption and small export orders (except as above) remain for old crop wheat at 3s.11 $\frac{1}{4}$ d. a bus. for silo wheat and 4s.0 $\frac{3}{4}$ d. for bagged wheat, f.o.r., Sydney. The price of flour sold locally is unchanged at £12.13s. a ton.

## PRICES OF WHEAT IN NEW SOUTH WALES.

Bulk Wheat.	Seasons ended November.			November.		Dec. 14, 1940.
	Av. 1931-35.	1937.	1939.	1939.	1940.	
	Shillings and pence per bushel.					
Ex trucks, Sydney.	2 9 $\frac{1}{2}$	5 3	2 5	2 9 $\frac{1}{2}$	3 11 $\frac{1}{4}$ (b)	3 11 $\frac{1}{4}$ (b)
Equiv. ex farm at Country siding (a)	2 2 $\frac{1}{2}$	4 8	1 9 $\frac{1}{2}$	2 2	(c)	(c)

(a) Exclusive of bounty. (b) Prices for sale for local consumption.  
(c) Advances made and approved give farmers about 2s.8d. (net) a bushel.

BUTTER. In all principal dairying districts pastures have responded rapidly to recent generous rainfall and dairy production is increasing. On the North Coast there is already a good body of feed, and heavy summer supplies of butter are expected. Until the break in the weather, the outlook was poor - the quota for December, 1940 permitted 39 per cent. of the butter made to be sold within the State, leaving the smallest proportion for export in December ever fixed under the Dairy Products Act, 1933:-

Dec. 1934.	1935.	1936.	1937.	1938.	1939.	1940.
Proportion of butter for sale within the State. (%)						
December.	24	28	38	32	31	32

The quantity of butter made in factories in N.S.W. in October (7.99 m. lb.) was less this year than in any season since 1927-28, and about 20 per cent. below the average for Oct., 1935 to 1939. Production in the four months ended October was 24.53 m. lb. compared with 30.44 m. lb. in July-Oct., 1939 and an average of 32.82 m. lb. in the corresponding period of the years 1931 to 1935.

## PRODUCTION OF BUTTER IN FACTORIES IN NEW SOUTH WALES.

	Av. 1931-35.	1936.	1937.	1938.	1939.	1940.
October. Mill,lb.	12.51	9.21	9.32	10.84	10.16	7.99
July-Oct. " "	32.82	26.61	25.35	27.08	30.44	24.53

Dairy farmers have suffered a substantial loss of income because of this serious decline in production. Both local and export prices are fixed for long periods, and hence the pay for cream can vary within a relatively narrow margin according to the proportions absorbed in the local market at slightly above export parity. In November 1940 supplies of cream to certain North Coast factories were paid 12 $\frac{3}{4}$ d. per lb. of butter made - the highest rate of pay in November since 1929.

## PAY TO SUPPLIERS OF CREAM TO CERTAIN NORTH COAST FACTORIES, N.S.W.

	July.	Aug.	Sept.	Oct.	Nov.	Deferred Pay July-Dec. ♂
Pence per lb. of commercial butter made.						
1934 x	9 $\frac{1}{4}$	10	9	8	7 $\frac{1}{3}$	1 $\frac{1}{8}$
1937	13 $\frac{1}{2}$	13 $\frac{1}{2}$	13	13 $\frac{1}{2}$	10 $\frac{2}{3}$	3 $\frac{3}{8}$
1938	14	14	12 $\frac{3}{4}$	12	11 $\frac{1}{2}$	5/16
1939	12 $\frac{1}{2}$	12	12 $\frac{1}{4}$	12	12 $\frac{3}{4}$	$\frac{3}{4}$
1940	13 $\frac{1}{4}$	13	13	12 $\frac{5}{8}$	12 $\frac{3}{4}$	

x Cartage charges (now paid by factories) met by farmers (about 3d. a lb.)

♂ This payment is additional to that shown for each relevant month.

## PART I (Continued)

METALS. Prices of copper, lead and spelter in London as fixed by the British Ministry of Supply have remained unchanged since Dec., 1939 as follows:-

	<u>Copper (Electrolytic)</u>	<u>Lead</u>	<u>Spelter,</u>
Per ton	£62	£25	£25.15s.

There have been persistent but unconfirmed reports that large consignments of Australian lead are en route to America, possibly for use in British orders.

Over the past ten weeks the price of tin in the open market in London has been remarkably steady, ranging between £stg.256 and £stg.260 a ton. Last Friday's quotation was £257.2s.6d. a ton. The heavy permitted production (120 per cent. of standard tonnages) has not led to an excessive accumulation, and in November the International Tin Committee's statistics showed an appreciable reduction in visible supplies, due to maintenance of a high level of deliveries. Particulars compare as under:-

## WORLD STATISTICAL POSITION OF TIN.

	<u>Nov., 1937.</u>	<u>Nov., 1939.</u>	<u>Oct., 1940.</u>	<u>Nov. 1940.</u>
Visible Supplies - tons	18,067	28,523	34,311	32,923
Supplies Received - "	10,285	10,152	14,931	13,541
Deliveries - "	10,639	12,540	15,118	14,577

The London open market price of silver has declined slightly in recent weeks, but at 1s.10 $\frac{7}{8}$ d. (stg.) on Dec. 13, 1940 the price was about 5 $\frac{1}{8}$ d. (stg.) or about 22 $\frac{1}{2}$  per cent. higher than on August 31, 1939 before the outbreak of the war.

## PART II FINANCE AND TRADE.

BANK CLEARINGS. Inter-bank clearings in Sydney in November, 1940 were 8.6 per cent. greater in amount than in Nov., 1939. The increase for the five months ended November of this year in comparison with July-Nov., 1938 or 1939 was about 16 per cent. The index number of bank clearings for the three months ended November was 114 compared with 102 in the corresponding months of 1938 and 1939.

This year the turnover of money in bank accounts has been enlarged by heavy war expenditure, the higher level of prices, higher rates of wages and increased earnings of the larger number of work-people, accelerated appraisement payments for wool, and wheat advances (on last season's bumper crop). In the main the effect has been reflationaly despite the application of controls over a wide field of economic enterprise.

Virtual full employment has been attained. There are indications that direct and indirect taxation, a greater measure of investment and import control, and heavier loan raisings will be resorted to in order that an increasing proportion of the expanding national income may be applied in the war effort. The effects may be far-reaching. Some forms of consumption will be curtailed and some industries (producing luxuries and less urgently needed goods) may suffer. In the aggregate, however, business seems likely to remain very active.

### INTER-BANK CLEARINGS - SYDNEY.

	Amount. (a)		Index Number. (b)
	November	Jan.-Nov.	Sept.-Nov.
	£million	£million	1926-30 = 100.
1929	85.5	954.5	103
1937	81.3	853.4	103
1938	82.7	854.3	102
1939	86.1	839.6	102
1940	93.5	973.7	114

(a) Excluding Treasury bill transactions. (b) Adjusted to eliminate effects of bank amalgamations and special governmental transactions but not for changes in price levels.

REAL ESTATE. Sales of real estate registered in November, 1940 (£2,430,000) were slightly greater in amount than in Nov., 1939 but otherwise were less than in November of any year since 1934. In the five months ended November sales were £13.94 million, compared with £12.17 m. in the first five months of this year and £13.69 m. in July-Nov., 1939. The recovery is slight compared with decreases of 18 and 13 per cent. from July-Nov., 1937 and 1938.

The amount of mortgages registered was a little greater in November than in the preceding three months but was less than 50 per cent. of that recorded in Nov., 1937 or 1938. In the eleven months ended November, 1940 totals decreased for sales by 5 per cent. and for mortgages by 27 per cent. in comparison with the corresponding period of 1939. Compared with Jan.-Nov. 1938 decreases were  $17\frac{1}{2}$  and  $37\frac{1}{2}$  per cent. respectively.

Agents report that business has been retarded by reactions to the budget proposals. The requirement of Treasury approval to mortgage transactions and of building proposals of a value of over £5,000 will probably affect business in certain classes of property. For some months, however, flats, houses and small shop properties have comprised a large part of the turnover. Property values generally are very firm.

## REAL ESTATE TRANSACTIONS - NEW SOUTH WALES.

	Month of November.		Eleven Months ended Nov.	
	Sales.	Mortgages (a)	Sales.	Mortgages.(a)
	£000	£000	£000	£000
Av. 1925-29 (b)	(4,619)	(4,042)	(50,809)	(44,462)
1937	3,478	2,694	33,768	21,831
1938	2,671	2,565	34,622	24,637
1939	2,381	1,702	30,090	21,088
1940	2,430	1,259	28,576	15,397

(a) Includes normal renewal of mortgages in 1925-29. Renewals were rendered unnecessary in many cases by the Moratorium Act, 1930.

(b) Monthly and eleven months averages.

STOCK EXCHANGE. Prices of ordinary company shares on the Sydney Stock Exchange, which recovered steadily during the months July to October, 1940, eased a little during the past month and now are approximately 2 per cent. below the high point at the end of the first week in November. In general recent movements have corresponded to those on the London and New York Stock Exchanges. Reactions to the record war budget were relatively mild and the market has eased only slightly. The course of the war and evident successful development of the local war economy have tended to maintain investors' confidence. Good rains in important sections of the State strengthened demand for pastoral company shares and prices of industrial and retail company shares have eased only slightly.

In Nov., 1940 the index number of value of ordinary company shares on the Sydney Stock Exchange (172.8) was the highest of any month since April, 1940, 4½ points higher than in October, 1940 and 22.2 points above the low average in June, 1940. In each group (see table) values were above the averages in October, 1940. Industrial and retail shares were about the same value as a year ago but public utility shares were 6.8 points lower, pastoral shares 11.5 points lower and insurance shares 5.5 points lower than in Nov., 1939.

INDEX OF VALUE OF ORDINARY COMPANY SHARES - SYDNEY STOCK EXCHANGE.  
Excluding Banks. Par Value = 100.

Average for Month -	Shares in Companies engaged in -					<u>TOTAL</u> 75	34 Active Shares.
	Manufacturing and Distributing	Retail Trade.	Public Utilities.	Pastoral and Finance.	Insurance.		
Sept., 1931 (a)	72	60	88	75	121	74	77
March, 1937 (b)	214	204	181	169	281	190	200
Nov., 1939	220	172	147	132	261	177	188
Jan., 1940	229	174	152	132	270	182	195
June, "	187	138	129	110	233	151	160
Oct., "	215	165	134	118	252	168	184
Nov., "	220	174	140	121	257	173	186

(a) Lowest point. (b) Highest point.

Non-Sterling Assets. Under an Order made on Dec. 12, 1940, persons owning or having an interest in securities expressed in non-sterling currencies must supply a return within 30 days to the Commonwealth Bank of such securities and of the interest payable thereon. Returns are also required of debt obligations of persons in non-sterling countries and of gold held outside Australia. This step follows upon registration of securities held in Canada and the United States, and the order made in April last for the sale of certain specified securities (now required to be effected by Jan. 31, 1941). It will enable the amount of foreign currency procurable to be ascertained and facilitate its acquisition by the Commonwealth for payments in non-sterling countries if and when necessary.

## PART II (Continued)

INTEREST RATES - MORTGAGES. Average rates of interest on private first mortgages show only slight variation from month to month with a very gradual declining trend. Since the beginning of the year the weighted average rates (over three monthly periods) have fallen on rural mortgages from 5.5 to 5.1 per cent. and on urban mortgages from 5.8 to 5.5 per cent. per annum, reversing the trend of the preceding year. Mortgage interest rates now current are about the same as those ruling two years ago, but the volume of mortgage transactions has decreased. Control under the National Security (Capital Issues) Regulations is being used to ensure that money raised on mortgage (in amounts exceeding £5,000) will be available only for war or essential civilian purposes. Mortgage interest rates have moved over the past six years as under:-

## AVERAGE RATES OF INTEREST ON PRIVATE FIRST MORTGAGES, N.S.W.

	Average - Calendar year.						Sept.-Nov.	
	1934.	1935.	1936.	1937.	1938.	1939.	1939.	1940.
	Weighted average rate of interest - per cent. per annum.							
Rural Mortgages	5.1	4.8	4.9	5.0	5.0	5.2	5.4	5.1
Urban	5.3	5.2	5.2	5.3	5.4	5.6	5.7	5.5

Government Securities. A Commonwealth £28 million loan on the same terms as the £20 m. issue in May, 1940 was open for subscription from November 28 to December 14, 1940. (Issued at par for 5 years at  $2\frac{3}{4}\%$  or 10-16 years at  $3\frac{1}{4}\%$ ). Financial conditions generally were propitious, but concurrent publicity to the record budget and the heavy increases in taxation proposed brought psychological reactions tending to restrain small investors. However, the loan was £300,000 oversubscribed. Investors favoured the longer-dated securities, of which £20.75 m. were taken up.

The bond market has shown strength with prices barely changed over the last month and appreciably above the fixed minima. On December 12, 1940 the average net redemption yield on bonds of five or more years maturity was £3.4s.2d. per cent., compared with the record low yield of £3.3s.9d. per cent. on Nov. 14, 1940, and the average of £4.1s.3d. per cent. in the first month of the war. Other comparisons are:-

## NET REDEMPTION YIELD ON AUSTRALIAN CONSOLIDATED LOANS.

	Bonds maturing in -			
	Over 5 to 10 years	Over 10 to 15 years.	Over 15 years.	Over 5 years (Overall rate)
	Average net redemption yield - per cent. per annum.			
Average - 1935	£. s. d.	£. s. d.	£. s. d.	£. s. d.
- 1938	3 9 7	3 10 1	3 13 9	3 11 1
" Jan.-June, 1939	3 14 5	3 15 0	3 15 10	3 15 0
" September, 1939	3 17 9	3 18 4	3 18 4	3 18 1
" July, 1940	4 1 0	4 1 1	4 1 9	4 1 3
" October "	3 5 9	3 7 9	3 8 8	3 7 3
" November "	3 2 10	3 6 2	3 8 1	3 5 3
December 12, 1940	3 1 0	3 4 10	3 7 4	3 4 1
	3 1 6	3 5 0	3 7 4	3 4 2

OVERSEA TRADE - AUSTRALIA. The shortage of shipping is a serious problem. "Britain may soon have to avoid the long voyage to Australia by obtaining her supplies from nearer countries" said the Australian representative of the British Ministry of Shipping a few days ago. Storage of large quantities of surplus primary products in Australia may become necessary, particularly as Britain's food policy eliminates imports of all but the more urgent items of food.

## PART II (Continued)

Supplementing earlier restrictions aiming to conserve dollar exchange, importation from America of timber of an annual value of £A1.5 million has been prohibited. The restrictions operate in part immediately, and become wholly effective from July 1, 1941. The export of scrap iron and steel to other than Empire countries has been prohibited.

In November, 1940 commodity exports (£stg.10.43 m.) were 20.7 per cent. lower in value than in Nov., 1939 but imports (£stg.9.04 m.) increased by 22.4 per cent. In the five months ended November the value of exports increased by 8 per cent. and of imports by 23½ per cent. in comparison with the corresponding period of last year. How much of the increase in imports may be attributed to purchases of war materials is not known; it may be significant that customs and excise revenue collected in the period was slightly less this year than last year. Higher initial prices and increased transport costs contribute materially to the higher value of imports. Reviewed in this light the reduction in imports in recent months compared with those of the first half of 1940 and the high level late in 1937 is a significant movement, though still greater contraction of imports is imperative. Comparisons are:-

<u>Imports - Australia.</u>		<u>March</u> <u>Qr.</u>	<u>June</u> <u>Qr.</u>	<u>Sept.</u> <u>Qr.</u>	<u>Oct.</u>	<u>Nov.</u>
1937	£stg.m.	21.5	23.4	27.3	9.3	10.8
1938	"	27.9	27.0	26.1	8.2	8.8
1939	"	25.1	23.5	24.9	7.3	7.4
1940	"	35.0	33.2	30.3	9.6	9.0

Particulars of trade for the four months ended October show in comparison with last year, a decrease of 39 per cent. in imports of certain goods of ordinary consumption - fish, tea, tobacco, apparel and jewellery. Higher prices and efforts to accumulate stocks probably accounted for a substantial part of the increase of 52 per cent. in imports of vegetable raw materials, textiles, yarns and manufactured fibres, rubber, chemicals and fertilisers and paper. In machinery, metals and metal manufactures and scientific instruments much of the increase of 39 per cent. in value may represent imports of war goods and materials for war industries. Imports of petrol decreased by £stg.405,000 and of motor chassis, etc. by £stg.223,000 in comparison with July-Oct., 1939.

In exports there were decreases (in £A000) for butter (2,294) lamb (180) preserved fruit (382) sugar (442) timber (138) minerals (297) and metals and metal manufactures other than machinery (895) - the two last mentioned reflecting greater absorption in Australian industries. There were increases (£A000) for beef (56) raisins (622) wheat and flour (4041) wool (5688) and machinery (189).

Australian trade with the Middle East, and with the East Indies, etc. seems likely to expand, and Canadian prohibition of certain non-sterling imports may also provide an opening for certain Australian products.

The following statement shows that Australia's balance of commodity trade in the five months ended November was more adverse this year than in any recent year.

## OVERSEA TRADE - AUSTRALIA - MERCHANDISE ONLY. ♂

Merchandise -	November.			Five Months ended November.				
	1938.	1939.	1940.p	1936.	1937.	1938.	1939.	1940.p
	Value in £stg. million.							
Exports	11.26	13.15	10.43	40.09	45.41	40.88	40.85	44.41
Imports	8.77	7.38	9.04	38.56	47.35	43.02	39.60	48.92
Commodity Balance	2.49	5.77	1.39	1.53	- 1.94	- 2.14	1.25	- 4.51

♂ Particulars of bullion and specie not available for publication.

p. Preliminary. Minus sign (-) denotes import surplus.

PART III. INDUSTRIES.BUILDING INDUSTRY.BUILDINGS COMMENCED - METROPOLITAN WATER BOARD AREA.

(Includes both private and Government buildings).

The value of buildings commenced in Nov. 1940 was again high. The building industry is active, with housebuilding still at a high level, flat building increased compared with a year ago, and a considerable amount of miscellaneous buildings (hospitals, camps etc.) and industrial buildings being undertaken. There is little new building in the City.

Houses commenced in Nov. (571) were below the recent average but in July-Nov. (3,303) numbered about the same this year as last year. More expensive houses have been undertaken latterly. Official control, higher costs, and possible shortages of materials may retard future building activity.

The value of buildings commenced in the Metropolitan Water Board Area in November, 1940 was £1,087,000 compared with £1,044,000 in Nov., 1939 and an average of £1,106,000 for the first ten months of this year. Some decrease in private building (revealed by building permits) has been offset by increased Government building, and the value of buildings commenced in the eleven months ended November, 1940 was greatest for the period of any post-depression year. Building has remained active in the suburbs and a progressive decrease in building work in the city has been offset by greater activity in extra-metropolitan areas, especially in industrial centres of the South Coast. In making comparisons account should be taken of the progressive increase in building costs during recent years and especially during the war period.

Particulars illustrating the trend are:-

Value of Buildings Commenced - Metropolitan Water Board Area.

	Mar. Qr.	June Qr.	Sept. Qr.	Oct.	Nov.	Jan.-Nov.		
						City	Suburbs	Total
1937	£000	2091	2604	3351	936	1158	2542	7598
1938	£000	3061	3248	3615	846	989	1904	9850
1939	£000	3076	3269	3032	931	1044	1740	9612
1940	£000	3053	3413	3491	1101	1087	1494	10,651
								12,145

In November, 1940 the amount for dwelling houses (£517,000) was £74,000 below the average for the preceding four months, but still slightly above the monthly average of any recent year. The average value per dwelling house was £907 compared with £810 in November, 1939. For flats the total (£227,000) was (excepting July, 1940, £236,000) the greatest for any war month. Business premises at £242,000 approximated the average for preceding months of this year and included a factory for £60,000 for Cable Makers (Aust.) Ltd. at Liverpool.

Comparisons of the value of buildings commenced in the eleven months ended November (appended) show as features of recent activity:-

maintenance of a high level of housebuilding; considerable provision of flat dwellings; and exceptional expenditure on miscellaneous buildings (hospitals and military camps etc. accounting for much of the increase).

Business premises have decreased in each year since 1937, partly due to the relatively small amount of city building, particularly shops and office premises. Percentage changes in value from 1939 to 1940 are shown in the last column of the table:-

## BUILDINGS COMMENCED - METROPOLITAN WATER BOARD AREA.

Including new buildings, additions, etc. and Government buildings.

Type of Building.	November		Eleven Months ended November.					Increase 1939 to 1940.
	1939	1940	1936	1937	1938	1939	1940.	
		Value in Thousands of	Pounds.					
Dwelling Houses	507	517	3867	3924	5565	5626	5787	2.9%
Flats	108	227	1605	1880	2369	1797	2126	18.3%
Business Premises	312	242	2546	3525	3284	3016	2695	-10.6%
Miscellaneous	117	101	517	811	536	913	1537	68.3%
Total	1044	1087	8535	10,140	11,754	11,352	12,145	7.0%

∅ Shops, factories, offices, etc.

x Churches, theatres, schools, hospitals, etc.

Official control of building and mortgages in excess of £5,000, restrictions on imports of timber, and priority in use of certain metals may reinforce other influences (higher costs, decreased building society resources, increased taxation, etc.) in retarding private building. A good deal of public building and of factory building connected with the war is likely but generally some decrease in building activity as a whole seems probable.

DWELLING HOUSES. The number of dwelling houses commenced in this Area in November (571) was below the average for preceding months of this year (619) and 110 and 55 less than in November, 1938 and 1939. Numbers in recent months compare with those of the corresponding month of 1939 (in parenthesis) as follows:- July 743 (652), August 629 (765), September 664 (617), October 696 (647) and November 571 (626) - totalling for the five months 3307 and 3307 respectively.

Though in the eleven months ended November, 1940 the value of houses commenced increased by 2.9 per cent. the number decreased by 2.7 per cent.. Earlier in the year a number (about 600) of relatively cheap homes were built under the State Government scheme to assist persons in the lower wage category to obtain homes but latterly an increased proportion of the expenditure represents the building of houses of a value of about £2,000 and more.

## INDIVIDUAL HOUSES COMMENCED - METROPOLITAN WATER BOARD AREA.

(Flats are not included).

	Month of November	March Qr.	June Qr.	Sept. Qr.	Dec. Qr.	Year ended
						November.
		Number of Dwelling		Houses.		
1935	369	941	912	1,125	1,065	3,940
1936	438	1,273	1,251	1,668	1,195	5,369
1937	572	1,152	1,212	1,618	1,592	5,421
1938	681	1,267	1,857	2,120	1,853	7,388
1939	626	1,859	1,785	2,034	1,663	7,486
1940	571	1,740	1,720	2,036		7,153

GAS AND ELECTRICITY. The amount of gas and electricity consumed in Sydney and suburbs in November, 1940 was 39 per cent. above the average in 1929-31, a record for the month and 12 per cent. greater than in November, 1937 or 1938. The marked recent increase is due in large part to the expansion of industrial activity, both in the production of war materials and in the supply of civilian goods now impossible or difficult to import.

Approval has been given to the building of a 66,000-volt electrical transmission line between Sydney and Port Kembla at a cost of £93,000. This work is expected to be completed in about a year and will enable the supply of power to the heavy

## PART III. (Continued.)

industries at Port Kembla should normal supply fail in an emergency.

## INDEX OF CONSUMPTION OF GAS AND ELECTRICITY - SYDNEY AND SUBURBS.

	<u>1929</u>	<u>1932</u>	<u>1936</u>	<u>1937</u>	<u>1938</u>	<u>1939</u>	<u>1940</u>
Index Numbers : Average, 1929-31 = 100.							
Month of November	109	97	116	124	124	136	139
Calendar Year	105	96	112	119	123	131	...

RAILWAYS, N.S.W. Railway transportation is at a record level, mainly as a result of the rapid expansion of war industries. As in preceding months traffic and the working surplus increased in October in comparison with that month of 1939. In the four months ended October 1940, goods ton mileage increased by 39 per cent. and passenger journeys by 4.8 per cent. in comparison with July-Oct., 1939. The excess of earnings over working expenses was £1,033,000 (or 47.8 per cent.) greater as gross revenue increased by 18.4 per cent. and working expenses by only 5 per cent.

The Commonwealth Government is providing £500,000 toward the cost of additional railway facilities in New South Wales for defence purposes, and these works are under construction.

## NEW SOUTH WALES GOVERNMENT RAILWAYS.

	Month of October.			Four months ended October.		
	Passenger Journeys millions	Goods Ton Mileage millions	Working Surplus £000	Passenger Journeys millions	Goods Ton Mileage millions	Working Surplus £000
1931	9.8	118	376	39.7	464	1,034
1937	15.9	152	584	62.0	593	2,072
1938	17.1	114	303	64.0	566	1,451
1939	15.8	159	618	59.7	634	2,159
1940	16.2	204	791	62.6	880	3,192

∅ Excess of earnings over working expenses, excluding interest, etc. charges which in 1939-40 amounted to £6,561,000.

ROAD TRANSPORT SERVICES. Travelling on trams and buses has increased in Sydney and Newcastle, reflecting increased employment, greater individual earnings, and travelling by soldiers, etc. The number of passengers carried in the four months ended October, 1940 was  $6\frac{1}{2}$  per cent. greater than in July-Oct., 1939. In that period working expenses were £19,000 greater, but gross earnings increased by £76,000 and the working surplus (£250,000) was greatest for the period of any recent year. Comparative particulars are as follow:-

## GOVERNMENT TRAMWAY AND OMNIBUS SERVICES - SYDNEY AND NEWCASTLE.

	Month of October.				Four months ended October.			
	Earnings. £000	Working Expenses £000	Working Surplus £000	Passengers. million	Earnings. £000	Working Expenses £000	Working Surplus £000	Passengers. million
1937	348	297	51	30.2	1350	1131	219	117.3
1938	362	310	52	31.4	1387	1219	168	120.6
1939	368	310	58	31.2	1428	1235	193	121.7
1940	400	341	59	34.2	1504	1254	250	128.9

∅ Excess of earnings over working expenses, exclusive of interest, sinking fund, exchange and depreciation totalling in 1939-40, £671,000.